

Avista Corp.  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
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IDAHO PUBLIC  
UTILITIES COMMISSION

FILED VIA OVERNIGHT MAIL

July 30, 2013

State of Idaho  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

Attention: Ms. Jean Jewell, Secretary

Case No. AVU-E-13-04  
Power Cost Adjustment (PCA) Annual Filing of Avista Corporation

Enclosed for filing with the Commission is Avista's Power Cost Adjustment (PCA) annual filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation. A certificate of service, three copies of a customer notice, and three copies of a press release are also enclosed. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disk.

The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2012 through June 30, 2013, and approving a PCA rebate of 0.152¢ per kilowatt-hour to be effective October 1, 2013. Under the Company's proposal, the PCA rate for all customers, including residential customers, would increase from a rebate of 0.090¢ per kilowatt-hour to a rebate of 0.152¢ per kilowatt-hour, or an increase in the rebate rate of 0.062¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage decreases vary by rate schedule. The overall decrease is 0.83%.

For an average residential customer using 930 kilowatt-hours per month, the monthly decrease will be \$0.58. Under present rates, a residential bill for 930 kilowatt-hours amounts to \$78.69. With the proposed rebate in place the monthly bill would be \$78.11, or 0.74% lower than the bill under present rates<sup>1</sup>.

Please note that Avista has deemed certain supporting documents to be classified as CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 9-340A through 9-340F of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

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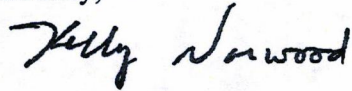
<sup>1</sup> On July 30, 2013, Avista filed with the Commission changes to its Demand Side Management Tariff Rider (Schedule 91) and Residential Exchange Program (Schedule 59). The requested effective date for these filings is October 1, the same requested effective date in this PCA filing. October 1, 2013 is also the effective date for the rate changes approved in the Company's last general rate case (AVU-E-12-08/AVU-G-12-07).



As such, Avista is submitting a separate electronic CD containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Rule 067.02.b.

Please direct any questions regarding this filing to Patrick Ehrbar at (509) 495-8620.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood  
Vice President, State and Federal Regulation

Enclosures



## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have served Avista Corporation's Power Cost Adjustment (PCA) Annual Rate Adjustment Filing by mailing a copy thereof, postage prepaid, to the following:

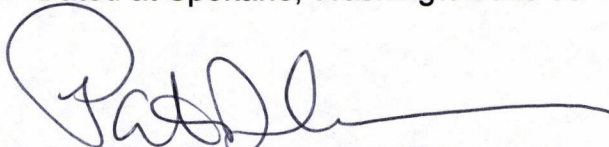
Ms Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702-5983

Marv Lewallen  
Clearwater Paper  
601 W. Riverside Avenue  
Suite 1100  
Spokane, WA 99201  
marv.lewallen@clearwaterpaper.com  
(Excluding Confidential Information)

Dean J. Miller  
McDevitt & Miller LLP  
P.O.Box 2564  
Boise, ID 83701  
Email: [joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)  
(Excluding Confidential Information)

Larry A Crowley  
The Energy Strategies Institute Inc  
5549 S. Cliffsedge Ave  
Boise, ID 83716  
Email: [crowlyla@aol.com](mailto:crowlyla@aol.com)  
(Excluding Confidential Information)

Dated at Spokane, Washington this 30<sup>th</sup> day of July 2013.



Patrick Ehrbar  
Manager, Rates & Tariffs



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UTILITIES COMMISSION

DAVID J. MEYER  
VICE PRESIDENT AND CHIEF COUNSEL FOR  
REGULATORY AND GOVERNMENTAL AFFAIRS  
AVISTA CORPORATION  
1411 E. MISSION AVENUE  
P. O. BOX 3727  
SPOKANE, WASHINGTON 99220  
PHONE: (509) 495-4316, FAX: (509) 495-8851

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE POWER COST )  
ADJUSTMENT (PCA) ANNUAL RATE ) CASE NO. AVU-E-13-04  
ADJUSTMENT FILING OF AVISTA ) APPLICATION OF AVISTA  
CORPORATION ) CORPORATION

**I. INTRODUCTION**

Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully files its Power Cost Adjustment (PCA) annual rate adjustment filing in the above referenced case. The Company requests the Commission issue an order approving the level of power costs deferred in the rebate direction for the period July 1, 2012 through June 30, 2013, and approving a PCA rebate of 0.152¢ per kilowatt-hour to be effective October 1, 2013. The Company requests that this filing be processed under the Commission's Modified Procedure Rules.

Communications in reference to this Application should be addressed to:

Kelly O. Norwood  
Vice President  
State and Federal Regulation  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, Washington 99220  
Phone: (509) 495-4267  
Fax: (509) 495-8851

David J. Meyer  
Vice President and Chief Counsel for  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, Washington 99220  
Phone: (509) 495-4316  
Fax: (509) 495-8851



## II. BACKGROUND

Avista's PCA is used to track changes in revenues and costs associated with variations in hydroelectric generation, secondary prices, thermal fuel costs, and changes in power contract revenues and expenses. Avista's existing PCA methodology and method of recovery were approved in Case No. AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that case the Commission approved a change in the PCA methodology from a trigger and cap mechanism to a single annual PCA rate adjustment filing requirement. The Commission approved the following procedural schedule for administering the annual PCA filings:

August 1	Company filing for prior July – June deferral period
September 1	Review and comments by Staff and other interested parties
October 1	Commission Order and effective date of PCA rate adjustment

The Commission also approved a change in the method of PCA deferral recovery from a uniform percentage basis to a uniform cents per kilowatt-hour basis effective with the October 1, 2007 PCA rate change. By Order No. 32206 in Case No. GNR-E-10-03 dated March 15, 2011, the Commission modified the retail revenue credit methodology and approved a Load Change Adjustment Rate based on the energy classified portion of embedded production revenue requirement effective April 1, 2011.

The existing PCA rebate was made effective on October 1, 2012. On July 30, 2012, Avista filed its annual PCA report for the period July 1, 2011 through June 30, 2012 and requested a PCA rebate of 0.090¢ per kilowatt-hour effective October 1, 2012. The Commission approved that proposal in Case No. AVU-E-12-06, by Order No. 32654, dated September 28, 2012.



1                                   **III. DEFERRALS – JULY 1, 2012 THROUGH JUNE 30, 2013**

2           The amount of power cost deferrals for the period July 1, 2012 through June 30, 2013 is  
3 shown below, as well as interest for the same period. Company witness Mr. Johnson's testimony  
4 provides an explanation of the factors causing the deferral entries for the period. Company  
5 witness Mr. Ehrbar's testimony addresses the interest amount.

6           Deferrals (July 2012 - June 2013)	\$(3,875,180)
7           Interest	<u>(22,309)</u>
8           Rebate Balance at June 30, 2013	<u><u>\$(3,897,489)</u></u>

9           Monthly reports have been filed with the Commission regarding actual PCA deferral  
10 entries to date. An additional copy of those reports for the months of July 2012 through June  
11 2013 have been included with this filing and have also been provided to Clearwater Paper  
12 Corporation.

13                                   **IV. PROPOSED REBATE TO BE EFFECTIVE OCTOBER 1, 2013**

14           The Company is proposing a uniform cents per kilowatt-hour PCA rebate of 0.152¢ to be  
15 effective October 1, 2013. Attached as Exhibit "A" is a copy of the proposed tariff, Schedule 66  
16 (Fifteenth Revision), which contains the proposed PCA rebate rate. Also included in Exhibit  
17 "A" is a tariff sheet that shows the proposed changes to Schedule 66 (Fourteenth Revision) by  
18 the use of strikeouts and underlining. Page 1 of Mr. Ehrbar's Exhibit No. \_\_\_\_ (PDE-1) shows  
19 the calculation of the proposed rebate. The proposed rebate is designed to pass through the  
20 deferrals for the period July 1, 2012 through June 30, 2013, as well as the unrecovered balance  
21 related to the July 1, 2011 through June 30, 2012 deferral period, the remaining balance related



1 to the Deferred State Income Tax (DSIT) credits as of September 30, 2012<sup>1</sup>, and interest during  
2 the recovery period of October 1, 2013 through September 30, 2014.

3 Since PCA rate changes are spread on a uniform cents per kilowatt-hour basis, the  
4 resulting percentage decreases vary by rate schedule. Page 1 of Mr. Ehrbar's Exhibit No. PDE-1  
5 shows the effect of the proposed PCA rebate by rate schedule. The proposed rebate is 0.152¢ per  
6 kilowatt-hour, which is 0.062¢ per kilowatt-hour greater than the existing rebate of 0.090¢ per  
7 kilowatt-hour. Column (f) on page 1 of Exhibit No. PDE-1 shows the percentage decreases by  
8 rate schedule. The overall decrease is 0.83%.

9 Residential customers using an average of 930 kilowatt-hours per month would see their  
10 monthly bills decrease from \$78.69 to \$78.11, a decrease of \$0.58 per month, or 0.74%. These  
11 impacts do not include other proposed rate changes to become effective on October 1, 2013.<sup>2</sup>

## 12 V. REQUEST FOR RELIEF

13 The Company requests the Commission issue an order approving the level of power costs  
14 deferred in the rebate direction for the period July 1, 2012 through June 30, 2013, and approving  
15 a PCA rebate of 0.152¢ per kilowatt-hour to be effective October 1, 2013. The Company  
16 requests that the matter be processed under the Commission's Modified Procedure rules through  
17 the use of written comments.

18  
19  

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<sup>1</sup> In Case No. AVU-E-10-01, the Company agreed to credit to electric customers \$17.0 million of accumulated deferred state income tax over a two-year period, beginning October 1, 2010. The remaining balance not credited to customers through Tariff Schedule 99 at the end of the two-year period (ending September 30, 2012) was to be transferred to the PCA deferral account. The Company transferred \$484,663 in November 2012.

<sup>2</sup> On July 30, 2013, Avista filed with the Commission changes to its Demand Side Management Tariff Rider (Schedule 91) and Residential Exchange Program (Schedule 59). The requested effective date for these filings is October 1, the same requested effective date in this PCA filing. October 1, 2013 is also the effective date for the rate changes approved in the Company's last general rate case (AVU-E-12-08/AVU-G-12-07).



1 Dated at Spokane, Washington this 30<sup>th</sup> day of July 2013.

2 AVISTA CORPORATION

3  
4 BY Kelly Norwood  
5 Kelly Norwood  
6 Vice President, State & Federal Regulation



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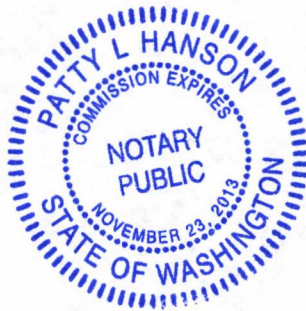
STATE OF WASHINGTON )  
 )  
County of Spokane )

Kelly Norwood, being first duly sworn on oath, deposes and says: That he is the Vice President of State and Federal Regulation of Avista Utilities and makes this verification for and on behalf of Avista Corporation, being thereto duly authorized;

That he has read the foregoing filing, knows the contents thereof, and believes the same to be true.

Wm Norwood

SIGNED AND SWORN to before me this 30<sup>th</sup> day of July 2013, by Kelly Norwood.



Patty L. Hanson

NOTARY PUBLIC in and for the State of  
Washington, residing at Spokane.

Commission Expires: November 23, 2013



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Case No. AVU-E-13-04

Exhibit "A"



AVISTA CORPORATION  
d/b/a Avista Utilities

## SCHEDULE 66

### TEMPORARY POWER COST ADJUSTMENT - IDAHO

#### APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

#### MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be decreased by 0.152¢ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be decreased by 0.152¢ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

#### SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 30, 2013

Effective October 1, 2013

Issued by Avista Utilities

By

Kelly O. Norwood – Vice President, State & Federal Regulation





AVISTA CORPORATION  
d/b/a Avista Utilities

## SCHEDULE 66

### TEMPORARY POWER COST ADJUSTMENT - IDAHO

#### APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

#### MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, and 32 are to be decreased by 0.152 ~~0.090¢~~ per kilowatt-hour in all blocks of these rate schedules.

Flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service, Schedules 41-49, are to be decreased by 0.152 ~~0.090¢~~ per kilowatt-hour times the monthly usages of the various light sizes and types on these schedules.

#### SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 30, 2013 ~~2012~~

Effective October 1, 2013 ~~2012~~

Issued by Avista Utilities  
By

Kelly O. Norwood – Vice President, State & Federal Regulation